

## SENATE BILL No. 335

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 27-8-5.

**Synopsis:** Preexisting conditions. Provides that an individual policy of accident and sickness insurance or a group policy of accident and sickness insurance under which a certificate of coverage is issued to an individual member of an association or a discretionary group may contain an exclusion of coverage for a specified condition if the exclusion meets certain conditions.

**Effective:** July 1, 2002.

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January 8, 2002, read first time and referred to Committee on Health and Provider Services.

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Introduced

Second Regular Session 112th General Assembly (2002)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

## SENATE BILL No. 335

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 27-8-5-2.5 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2.5. (a) As used in this  
3 section, the term "policy of accident and sickness insurance" does not  
4 include the following:

- 5 (1) Accident only, credit, dental, vision, Medicare supplement,  
6 long term care, or disability income insurance.
- 7 (2) Coverage issued as a supplement to liability insurance.
- 8 (3) Automobile medical payment insurance.
- 9 (4) A specified disease policy issued as an individual policy.
- 10 (5) A limited benefit health insurance policy issued as an  
11 individual policy.
- 12 (6) A short term insurance plan that:  
13 (A) may not be renewed; and  
14 (B) has a duration of not more than six (6) months.
- 15 (7) A policy that provides a stipulated daily, weekly, or monthly  
16 payment to an insured during hospital confinement, without  
17 regard to the actual expense of the confinement.

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(8) Worker's compensation or similar insurance.

(9) A student health insurance policy.

(b) The benefits provided by an individual policy of accident and sickness insurance may not be excluded, limited, or denied for more than twelve (12) months after the effective date of the coverage because of a preexisting condition of the individual.

(c) An individual policy of accident and sickness insurance may not define a preexisting condition, a rider, or an endorsement more restrictively than as:

(1) a condition that would have caused an ordinarily prudent person to seek medical advice, diagnosis, care, or treatment during the twelve (12) months immediately preceding the effective date of enrollment in the plan;

(2) a condition for which medical advice, diagnosis, care, or treatment was recommended or received during the twelve (12) months immediately preceding the effective date of enrollment in the plan; or

(3) a pregnancy existing on the effective date of enrollment in the plan.

(d) An insurer shall reduce the period allowed for a preexisting condition exclusion described in subsection (b) by the amount of time the individual has continuously served under a preexisting condition clause for a policy of accident and sickness insurance issued under IC 27-8-15 if the individual applies for a policy under this chapter not more than thirty (30) days after coverage under a policy of accident and sickness insurance issued under IC 27-8-15 expires.

**(e) Notwithstanding subsections (a) through (d), an individual policy of accident and sickness insurance may exclude coverage for a specified medical condition that existed before the issuance of the coverage, subject to the following conditions:**

**(1) The exclusion of coverage for medical care may not apply to any services, benefits, or options mandated by state or federal law to be included in a policy or certificate of coverage.**

**(2) The exclusion of coverage for medical care must be for a specified period that is more than twelve (12) months, and the exclusion must cover a specific medical condition.**

**(3) The insurer must provide to the applicant before or at the time of issuance of the policy a written notice explaining the exclusion of coverage for the specified condition. The exclusion of coverage may not be applied to any other medical condition not arising directly as a result of the excluded**

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specified medical condition.

(4) The offer of coverage must include a provision stating that the applicant is receiving coverage with an exclusion of coverage for a specific medical condition. The provision must be printed in bold print as a separate section of the policy or subscriber agreement or on a separate form.

(5) The offer of coverage may not exclude more than two (2) specified medical conditions per individual covered under the policy or subscriber agreement.

(6) The exclusion period must be concurrent with and not in addition to any applicable preexisting condition limitation or exclusionary period.

(7) The insurer must agree, upon written request by the insured, to review the underwriting basis for the exclusion. An insured may not make a request for review under this subdivision more than once in a twelve (12) month period. The insurer shall remove the exclusion effective upon renewal of the policy if the evidence of insurability available to the insurer at the time of the review is satisfactory.

(8) The insured's benefit card must disclose a telephone number where any exclusion may be verified.

(9) The insurer must disclose to the applicant that the applicant may decline the offer of coverage and apply for a policy issued by the Indiana comprehensive health insurance association under IC 27-8-10.

SECTION 2. IC 27-8-5-19.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 19.2. (a) This section applies to a group policy or certificate of accident and sickness insurance:

(1) that covers the members of an association or discretionary group; and

(2) under which a certificate of coverage is issued to an individual member of the association or discretionary group.

(b) Notwithstanding section 19 of this chapter, a policy or certificate described in subsection (a) may contain an exclusion of coverage for a specified medical condition if the following conditions are met:

(1) The exclusion does not apply to any services, benefits, or options mandated by state or federal law to be included in the policy or certificate of coverage.

(2) The exclusion of coverage for medical care must be for a specified period that is more than twelve (12) months, and the

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1 exclusion must cover a specified medical condition.

2 (3) The insurer must provide to the applicant before or at the  
3 time of issuance of the policy a written notice explaining the  
4 exclusion of coverage for the specified condition. The  
5 exclusion of coverage may not be applied to any other medical  
6 condition not arising directly as a result of the excluded  
7 specified medical condition.

8 (4) The offer of coverage must include a provision stating that  
9 the applicant is receiving coverage with an exclusion of  
10 coverage for a specific medical condition. The provision must  
11 be printed in bold print as a separate section of the policy or  
12 subscriber agreement or on a separate form.

13 (5) The offer of coverage may not exclude more than two (2)  
14 specified medical conditions per individual covered under the  
15 policy or subscriber agreement.

16 (6) The exclusion period must be concurrent with and not in  
17 addition to any applicable preexisting condition limitation or  
18 exclusionary period.

19 (7) The insurer must agree, upon written request by the  
20 insured, to review the underwriting basis for the exclusion. An  
21 insured may not make a request for review under this  
22 subdivision more than once in a twelve (12) month period.  
23 The insurer shall remove the exclusion effective upon renewal  
24 of the policy if the evidence of insurability available to the  
25 insurer at the time of the review is satisfactory.

26 (8) The insured's benefit card must disclose a telephone  
27 number where any exclusion may be verified.

28 (9) The insurer must disclose to the applicant that the  
29 applicant may decline the offer of coverage and apply for a  
30 policy issued by the Indiana comprehensive health insurance  
31 association under IC 27-8-10.

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